



**The California Managed Risk Medical Insurance Board**

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**M E M O R A N D U M**

DATE: December 07, 2011  
TO: MRMIB Members  
FROM: Jeanie Esajian, Deputy Director for Legislation and External Affairs  
SUBJECT: MRMIB Media Report for November – December 2011

The last month was a moderate media period with coverage focusing on the possibility that the Pre-Existing Condition Insurance Plan may reach its maximum enrollment level due to higher utilization.

During the past 30 days, six reporters contacted MRMIB. These reporters represented the following outlets: the California HealthLine (web), Los Angeles Times (print), CBS Channel 5 (television), Valley PBS Channel 18 (television), New American Media (web) and Huffington Post (web).

Reporters requested information about PCIP utilization and the estimated maximum enrollment for the program. Reporters also requested information about the Healthy Families Program. External Affairs provided reporters with updated information about PCIP utilization and connected reporters to the board's chairman for an interview. External Affairs also connected a reporter to a family participating in the Healthy Families Program for a piece on health coverage options for children.

If you have any questions or comments regarding these articles, please feel free to contact me at (916) 324-0571 or at [jesajian@mrrib.ca.gov](mailto:jesajian@mrrib.ca.gov).

# California Officials Measure PCIP Progress

By [Allison Bell](#)  
NOVEMBER 28, 2011



President Barack Obama signs PPACA. (AP Photo/J. Scott Applewhite, File)

The California Pre-Existing Condition Insurance Plan (PCIP) is growing rapidly, but the number of enrollees is still much lower than expected, and the average amount of claims per enrollee is much higher than expected.

The state's [Managed Risk Medical Insurance Board](#) has reported on PCIP program performance in documents posted in connection with a recent board meeting.

If the Patient Protection and Affordable Care Act of 2010 (PPACA) takes effect on schedule and works as drafters expect, it will require insurers to start selling subsidized coverage on a guaranteed issue, mostly community-rated basis in 2014.

Congress added the PCIP program to PPACA in an effort to provide immediate relief for uninsured people with health problems.

PCIP is supposed to provide comprehensive health coverage for people with health problems for a price similar to the price of ordinary individual commercial health coverage.

Eligibility is not based on income, and the risk pools cannot charge higher rates for people with more severe health problems.

Congress let states choose between running PCIP risk pools themselves or letting HHS provide PCIP risk pool services for their residents.

To avoid crowding out existing commercial health coverage and government-provided coverage, including existing state-funded risk pools, PPACA drafters required that PCIP enrollees have gone without any form of health coverage, including state risk pool coverage, for at least 6 months.

Program critics originally predicted that millions of uninsured Americans with health problems would rush to enroll in the program and quickly use up federal PCIP funding. At the end of August, only about 34,000 people were enrolled in the program.

California was expecting to have about 23,000 residents in its PCIP program by February 2011, and it was expecting those enrollees' claim costs to average about \$1,100 per member per month.

As of the end of October 2011, the program had received about 8,500 applications and enrolled about 6,000 people. The program ended the month with 5,300 enrollees, up from 513 enrollees a year earlier. The enrollees have been averaging claim costs of \$3,100 per member per month, officials say.

The high cost means that, unless more funding surfaces, the program can afford to serve only about 6,800 enrollees at a time, not 23,000, officials say.

The state has found that 19% of the enrollees are ages 29 or under; 41% are ages 30 to 49, and 39% are ages 50 to 64. Only 25% of the applicants have had help with filing their applications, and 96% of the subscribers speak English.

About 50 insurance agents and brokers have earned PCIP continuing education credits, and 120 people with the Certified Application Assistant designation have become PCIP certified.

Officials found that program vendors seem to be doing a good job of running the program. The plan administrator is processing 91.5% of clean claims within 10 business days, compared with a goal of 90%, and the administrator has resolved all disputed claims within 30 days, compared with a goal of 95%, officials say.

# THE HUFFINGTON POST

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## Health Care Reform Program Much Costlier Than Expected In California

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A temporary program created by the 2010 health care reform law has provided health insurance to fewer people than expected. Yet at the same time, in one big state, the program has turned out to be much costlier than expected.

The [Pre-Existing Condition Insurance Plan](#) launched last year to cover people shunned by health insurers because of conditions like heart disease or diabetes. In the new law, Congress gave the Department of Health and Human Services \$5 billion to disperse among the states. California got \$761 million, and earlier this year the state figured it would have enough money to insure 23,000 people until 2014, when the program is being phased out in favor of health insurance exchanges.

But California's PCIP has turned out to cost three times as much per enrollee than previously estimated. The state's [Managed Risk Medical Insurance Board](#), which administers the plan, initially figured it would have to pay \$1,000 a month in claims per enrollee. New data show claims cost \$3,100 per member each month, meaning that the government will have to cap California's enrollment at 6,800 unless more funds are made available. As of October, 5,290 people are signed up in the state.

But an HHS spokeswoman suggested in a statement that freeing up more cash for California won't be a problem.

"The Pre-Existing Condition Insurance Plan is making a difference in thousands of lives in California, ensuring that sick and uninsurable Californians get the health care that they need," the

spokeswoman said. "Each State received an allotment from the fixed total funding prior to the start of the program. We are in the process of reviewing state projections for 2012 and will adjust as needed."

There's probably enough money available. The Government Accountability Office reported earlier this year that as of April, just [2 percent of program funds](#) had been used.

To be eligible for the PCIP, a person must have a pre-existing condition and must have been uninsured for at least six months. The latter requirement has been widely blamed for the initiative's low participation rate nationwide. Just 37,000 had signed up as of September, [according to HHS](#). Officials had estimated that as many as 375,000 would sign up in 2010 alone.

California's Managed Risk Medical Insurance Board has estimated that with another \$500 million, it could avoid capping enrollment and provide insurance to some 11,247 Californians through 2014. With an additional 500 million, California's allotment would be \$1.25 billion -- a quarter of the total funds Congress appropriated for the program nationwide. The most recent state-by-state numbers released by HHS show California has just 10 percent of total enrollment.

Cliff Allenby, chair of the state board said the program's initial cost estimates were based on data from the state high-risk pool that predated the PCIP, [according to California Health Line](#). Thirty-five states had high-risk pools before the PCIP launched last year; the state pools are costlier for consumers and may exclude coverage of certain conditions. Expanding those pools was the centerpiece of the Republican alternative to the health care reform signed into law by President Obama last year.

Allenby [told California Health Line](#) it would be up to HHS to allocate more funds for the California PCIP. "It's their program. It's their decision."



## **PCIP Enrollment Could Be Capped in Two Months**

November 21, 2011

by David Gorn

State officials may need to curtail enrollment in the federally funded Pre-Existing Condition Insurance Plan in as little as two months from now, if more federal dollars aren't allocated to it.

That was the word last week from the Managed Risk Medical Insurance Board, which oversees the federal PCIP program. It was surprising news, given its history since the program launched last year.

Every month, at every board meeting, the report was always the same -- that the flow of enrollees into the program was increasing, but at a surprisingly slow rate.

The threshold for the number of Californians who might participate in PCIP was estimated at about 23,000 people. Since a few more than 5,000 people signed up in that first year -- and new enrollees came on board at a rate of roughly 500 a month -- it seemed that the program was financially stable and able to take on more participants.

But after the first year, state officials got their first real claims data to test that estimate, and the amount required by recipients was much higher than expected. That 23,000-person threshold estimate was reduced to 6,800 Californians.

That means (given current enrollment of 5,290 including last month's bump of 726 new subscribers), there's now only room for a little more than 1,500 new enrollees (which is about two months' worth of enrollees, given October's bump of 726 new subscribers).

Unless the federal government pumps more money into the program.

"If we were talking 23,000 people, [the federal funding level] wouldn't matter so much," board member Richard Figueroa said. "Now that we know the claims numbers are three times as high, that could be a problem."

The claims cost estimates were based on a similar state-financed program, the Major Risk Medical Insurance Program. But the federal program doesn't have the caps of MRMIP, and so the claims numbers jumped, according to MRMIB Chair Cliff Allenby.

"The annual cap is not there in PCIP," Allenby said, "and apparently that makes a big difference."

The board is drafting a letter to federal officials this week, to explain the potential enrollment limit. Since some states don't have a PCIP program, it's possible that funds might be shifted over to California, Allenby said.

"We'll give the feds an opportunity to allocate more funds," he said. "It's their program. It's their decision."

Read more: <http://www.californiahealthline.org/capitol-desk/2011/11/high-risk-pool-near-enrollment-peak.aspx?p=1#ixzz1frtFvc7f>

# Los Angeles Times

## Op-Ed

### 'Obamacare' to the rescue

**A woman who felt President Obama had let the middle class down has changed her mind.**

By Spike Dolomite Ward

December 6, 2011

I want to apologize to President Obama. But first, some background.

I found out three weeks ago I have cancer. I'm 49 years old, have been married for almost 20 years and have two kids. My husband has his own small computer business, and I run a small nonprofit in the San Fernando Valley. I am also an artist. Money is tight, and we don't spend it frivolously. We're just ordinary, middle-class people, making an honest living, raising great kids and participating in our community, the kids' schools and church.

We're good people, and we work hard. But we haven't been able to afford health insurance for more than two years. And now I have third-stage breast cancer and am facing months of expensive treatment.

To understand how such a thing could happen to a family like ours, I need to take you back nine years to when my husband got laid off from the entertainment company where he'd worked for 10 years. Until then, we had been insured through his work, with a first-rate plan. After he got laid off, we got to keep that health insurance for 18 months through COBRA, by paying \$1,300 a month, which was a huge burden on an unemployed father and his family.

By the time the COBRA ran out, my husband had decided to go into business for himself, so we had to purchase our own insurance. That was fine for a while. Every year his business grew. But insurance premiums were steadily rising too. More than once, we switched carriers for a lower rate, only to have them raise rates significantly after a few months.

With the recession, both of our businesses took a huge hit — my husband's income was cut in half, and the foundations that had supported my small nonprofit were going through their own tough times. We had to start using a home equity line of credit to pay for our health insurance premiums (which by that point cost as much as our monthly mortgage). When the bank capped our home equity line, we were forced to cash in my husband's IRA. The time finally came when we had to make a choice between paying our mortgage or paying for health insurance. We chose to keep our house. We made a nerve-racking gamble, and we lost.

Not having insurance amplifies cancer stress. After the diagnosis, instead of focusing all of my energy on getting well, I was panicked about how we were going to pay for everything. I felt guilty and embarrassed about not being insured. When I went to the diagnostic center to pick up my first reports, I was sent to the financial department, where a woman sat me down to talk about resources for "cash patients" (a polite way of saying "uninsured").

"I'm not a deadbeat," I blurted out. "I'm a good person. I have two kids and a house!" The clerk was sympathetic, telling me how even though she worked in the healthcare field, she could barely afford insurance herself.

Although there have been a few people who judged us harshly, most people have been understanding about how this could happen to us. That's given me the courage to "out" myself and my family in hopes that it will educate people who are still lucky enough to have health insurance and view people like my family as irresponsible. We're not. What I want people to understand is that, if this could happen to us, it could happen to anybody.

If you are fortunate enough to still be employed and have insurance through your employers, you may feel insulated from the sufferings of people like me right now. But things can change abruptly. If you still have a good job with insurance, that doesn't mean that you're better than me, more deserving than me or smarter than me. It just means that you are luckier. And access to healthcare shouldn't depend on luck.

Fortunately for me, I've been saved by the federal government's Pre-existing Condition Insurance Plan, something I had never heard of before needing it. It's part of President Obama's healthcare plan, one of the things that has already kicked in, and it guarantees access to insurance for U.S. citizens with preexisting conditions who have been uninsured for at least six months. The application was short, the premiums are affordable, and I have found the people who work in the administration office to be quite compassionate (*nothing* like the people I have dealt with over the years at other insurance companies.) It's not perfect, of course, and it still leaves many people in need out in the cold. But it's a start, and for me it's been a lifesaver — perhaps literally.

Which brings me to my apology. I was pretty mad at Obama before I learned about this new insurance plan. I had changed my registration from Democrat to Independent, and I had blacked out the top of the "h" on my Obama bumper sticker, so that it read, "Got nope" instead of "got hope." I felt like he had let down the struggling middle class. My son and I had campaigned for him, but since he took office, we felt he had let us down.

So this is my public apology. I'm sorry I didn't do enough of my own research to find out what promises the president has made good on. I'm sorry I didn't realize that he really has stood up for me and my family, and for so many others like us. I'm getting a new bumper sticker to cover the one that says "Got nope." It will say "ObamaCares."

*Spike Dolomite Ward is the founder and executive director of Arts in Education Aid Council, a nonprofit organization that is restoring the arts to public schools in the San Fernando Valley.*  
<http://www.aieac.org>